

Message Text

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ACTION EUR-12

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INFO ALL EC CAPITALS
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SUBJECT: CALLAGHAN'S GAMBLE

REF: LONDON 14421

SUMMARY: PRIME MINISTER CALLAGHAN HAS TAKEN A
GAMBLE IN OPTING TO CARRY ON. MOST OBSERVERS
BELIEVE HE WILL MANAGE TO SURVIVE THE WINTER,
COUNTING ON TACIT SUPPORT FROM THE SCOTTISH AND
WELSH NATIONALISTS TO REPLACE THE LIBERALS, WHO
HAVE WITHDRAWN THEIRS. WHETHER HE HAS HELPED OR
HURT HIS PARTY'S EVENTUAL CHANCES REMAINS TO BE
SEEN. END SUMMARY

1. IN DECIDING AGAINST AN OCTOBER ELECTION, PRIME
MINISTER CALLAGHAN ASTOUNDED THE PUBLIC, DISMAYED
THE CONSERVATIVE OPPOSITION AND SENT MOST POLITICAL
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WRITERS BACK TO THE DRAWING BOARD. CALLAGHAN GAVE
A HINT OF HIS INTENTION ON TUESDAY AFTERNOON WHEN
HE TOLD THE TUC AT BRIGHTON, "I HAVE PROMISED NO ONE --
NO ONE AT ALL -- TO BE AT THE ALTAR ON OCTOBER 11,"
BUT MOST OBSERVERS DISMISSED THIS AS A TYPICAL
CALLAGHAN TEASE, NOT REALIZING HE HAD AN EVEN BIGGER
ONE IN MIND. WITHOUT A GUARANTEED MAJORITY IN THE

HOUSE OF COMMONS, THE PRIME MINISTER HAS PREFERRED TO GAMBLE ON SURVIVING UNTIL THE NEW VOTING REGISTER APPEARS IN FEBRUARY 1979 -- A REGISTER WHICH SHOULD ADD SEVERAL POINTS TO LABOUR'S POLLING POTENTIAL. TO DO SO WILL REQUIRE ALL OF CALLAGHAN'S POLITICAL DEFTNESS AND PERHAPS SOME LUCK, BUT THE PRIME MINISTER CLEARLY BELIEVES HE CAN DO IT.

2. WHAT WERE THE REASONS FOR CALLAGHAN'S DECISION? IN HIS BRIEF ADDRESS ON TELEVISION ON THE EVENING OF SEPTEMBER 8, HE TOLD THE BRITISH PUBLIC HE HAD REJECTED THE ELECTION OPTION BECAUSE HE BELIEVED THAT THE POLICIES OF HIS GOVERNMENT WERE ONLY BEGINNING TO BRING RESULTS AND THAT STEADY LEADERSHIP THROUGH A NEW PARLIAMENTARY SESSION WAS NECESSARY TO GAIN A MAXIMUM BENEFIT FROM THEM. A MORE POINTED EXPLANATION IS THAT RECENT PRIVATE POLLS CONDUCTED BY MORI FOR THE LABOUR PARTY SHOWED A SIGNIFICANT LEAD FOR THE CONSERVATIVES AMONG ENGLISH VOTERS, I.E. NOT INCLUDING SCOTLAND OR WALES, AND A SIMILAR LEAD FOR THE TORIES AS THE PARTY BEST ABLE TO DEAL WITH THE ISSUE PERCEIVED TO BE MOST URGENT, UNEMPLOYMENT. (LABOUR PARTY MARGINALS ARE HEAVILY CONCENTRATED IN THE NORTHWEST ENGLAND INDUSTRIAL CRESCENT FROM LIVERPOOL THROUGH MANCHESTER DOWN TO BIRMINGHAM.) THE MORI RESULTS CLEARLY LENT WEIGHT LIMITED OFFICIAL USE

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TO THE ADVICE OF CALLAGHAN'S CABINET COLLEAGUES -- FOOT, HATTERSLEY AND SHORE -- WHO STRONGLY SUPPORTED SOLDIERING ON UNTIL SPRING.

3. THE REACTION. MRS. THATCHER WAS PREDICTABLY DISPLEASED. SHE CHARACTERIZED THE DECISION AS "AGAINST THE NATION'S INTERESTS," ADDING THAT THE PRIME MINISTER HAD LOST BOTH HIS PARLIAMENTARY MAJORITY AND HIS AUTHORITY. THE STRONGLY ADVERSE PRONOUNCEMENT OF LIBERAL LEADER DAVID STEEL WAS LESS STRAIGHTFORWARD. CALLING CALLAGHAN'S ACTION "TRULY ASTOUNDING," HE PROMISED HE WOULD VOTE WITH THE TORIES ON THE FIRST OPPORTUNITY TO BRING THE

GOVERNMENT DOWN. STEEL'S POSITION PROBABLY CONTAINS AN ELEMENT OF POSTURING. WHILE IT IS ONLY GOOD POLITICS AT THIS POINT TO REEMPHASIZE THE DEFINITIVE END OF THE LIB/LAB PACT, HE, OR AT LEAST SOME OF HIS FELLOW LIBERALS, MUST SURELY BE RELIEVED THAT THEY WILL NOT BE REQUIRED TO FACE THE VOTERS SOON. WITHOUT THE LIBERALS, LABOR WILL BE OBLIGED TO RELY UPON THE BENEVOLENCE OF THE SCOTTISH AND WELSH

NATIONALISTS. MANY HERE ASSUME SOME INFORMAL
ARRANGEMENT WITH THE NATIONALISTS WAS STRUCK IN

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THE PAST FEW WEEKS. IN THIS REGARD, THE SNP
LEADERSHIP'S REACTION WAS REVEALING. WILLIAM
WOLFE FIRMLY RULED OUT A FORMAL PACT, SAYING SUCH
A DEAL WOULD BE "DISTASTEFUL," BUT WINIFRED EWING
WAS MUCH LESS EXPLICIT. IN ANY CASE, IT IS CLEAR
THAT THE SNP'S DESIRE NOT TO SPOIL THE CHANCES OF
AN EARLY REFERENDUM ON SCOTTISH DEVOLUTION WILL
INCLINE THEM TO SUPPORT THE GOVERNMENT EVEN WITHOUT
AN EXPLICIT UNDERSTANDING. MRS. THATCHER, OF COURSE,
HAD SOUGHT TO CUT OFF THIS POSSIBLE POLITICAL PROP
BY AFFIRMING HER WILLINGNESS TO HOLD THE REFERENDUM,
IF AND WHEN ELECTED.

4. THE PARLIAMENTARY ARITHMETIC. OF THE 635 MEMBERS
OF PARLIAMENT, FOUR (THE SPEAKER AND HIS DEPUTIES) DO
NOT VOTE, AND TWO SEATS ARE EMPTY. TO BE SURE OF A
MAJORITY OF THE REMAINING 629 SEATS, CALLAGHAN MUST
COMMAND 315 VOTES. LABOUR, WITH 2 COMMITTED SCOTTISH
LABOUR PARTY AND 1 NORTHERN IRELAND CATHOLIC SEAT
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INCLUDED, CAN ACCOUNT FOR 309. THE ABSTENTION OR SUPPORT OF THE 11 SCOTTISH NATIONALISTS AND 3 PLAID CYMRU WELSH NATIONALISTS ARE THUS ENOUGH TO PUT CALLAGHAN OVER THE TOP.

5. CALLAGHAN'S STRATEGY. THE PRIME MINISTER PROBABLY HOPES EVENTS OF THE NEXT SIX MONTHS WILL COME OUT SOMETHING LIKE THIS: PARTY CONFERENCES -- THE LIBERALS NEXT WEEK, LABOUR IN EARLY OCTOBER AND THE CONSERVATIVES IN MID-OCTOBER -- WILL OCCUPY THE TIME UNTIL THE REOPENING OF PARLIAMENT IN NOVEMBER. THE QUEEN'S SPEECH, WHICH WILL SET FORTH THE GOVERNMENT'S LEGISLATIVE PROGRAM FOR THE SESSION, WILL BE OF NECESSITY MODERATE AND ANODYNE, AS IT LEADS AUTOMATICALLY TO A VOTE OF CONFIDENCE, PROVIDING THE TORIES WITH THEIR FIRST OPPORTUNITY TO UNSEAT THE GOVERNMENT. BY SETTING IN MOTION AS ONE OF THE FIRST ITEMS OF BUSINESS THE MACHINERY FOR REFERENDA ON SCOTTISH AND WELSH DEVOLUTION, CALLAGHAN HOPES TO HAVE THE NECESSARY NATIONALIST SUPPORT TO SURVIVE THE QUEEN'S SPEECH VOTE. AT SOME POINT, PERHAPS BY THE END OF OCTOBER, THE PRIME MINISTER WILL PROBABLY SCHEDULE TWO BY-ELECTIONS. PONTEFRAC AND CASTLEFORD IS AN IRONCLAD LABOUR SEAT IN SOUTH YORKSHIRE. BERWICK AND EAST LOTHIAN, THE SCOTTISH SEAT WHICH LABOUR HOLDS NARROWLY OVER THE CONSERVATIVES, WILL BE A BETTER POPULAR TEST OF THE SUCCESS OF CALLAGHAN'S STRATEGY, BUT HARDLY A REPRESENTATIVE SAMPLE. WITH LITTLE CONTROVERSIAL ON THE PARLIAMENTARY AGENDA AND A LONG CHRISTMAS HOLIDAY, CALLAGHAN APPARENTLY BELIEVES HE CAN HANG ON UNTIL AT LEAST FEBRUARY 16 FOR THE NEW REGISTER. AN ELECTION COULD THEN TAKE PLACE IN LATE FEBRUARY OR EARLY

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MARCH, THOUGH THE DEVOLUTION REFERENDA, DEPENDING ON TIMING, COULD PRECLUDE SUCH AN EARLY POLL. ON

THE OTHER HAND, IF CALLAGHAN IS BROUGHT DOWN PREMATURELY THIS WINTER, HE WOULD BE WELL PLACED TO WAGE A CAMPAIGN ON THE CLAIM THAT LABOUR'S POLICIES WERE POPULAR AND SUCCESSFUL AND THAT THE OPPOSITION WAS RESPONSIBLE FOR AN "UNNECESSARY" ELECTION. THIS ARGUMENT COULD HAVE SOME POPULAR APPEAL. OUR GUESS IS THAT CALLAGHAN HAS AT LEAST AN EVEN CHANCE OF

SURVIVING UNTIL THE SPRING. THIS VIEW IS SHARED BY
TORY LEADER FRANCIS PYM, WHO TOLD US HE BELIEVES

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THE CONSERVATIVES ARE UNLIKELY TO BRING DOWN THE
GOVERNMENT THIS WINTER, BY CALLAGHAN'S POLITICAL
ADVISER TOM MCNALLY, AND BY A MAJORITY OF THE
POLITICAL EXPERTS WITH WHOM WE HAVE SPOKEN.

6. COMMENT: IT IS PREMATURE TO ASSESS THE CORRECTNESS
OF THE PRIME MINISTER'S DECISION. OPINION POLLS
SHOWED THE BRITISH ELECTORATE IN FAVOR OF AUTUMN
ELECTIONS. IN THEIR DISAPPOINTMENT THEY MIGHT
CONCLUDE THAT LABOUR WAS HANGING ON IRRESPONSIBLY
OR RUNNING SCARED. BUT IF THE CONSUMER BOOM
CONTINUES THROUGH THE WINTER AND CALLAGHAN AVOIDS
QUARRELS WITH THE UNIONS OVER WAGE
INCREASES, A UPTURN IN UNEMPLOYMENT, THE
RETURN OF DOUBLE DIGIT INFLATION OR LIKE
POLITICAL PITFALLS, HE MIGHT WELL IMPROVE THE
GOVERNMENT'S STANDING. IN ANY CASE, IT IS CLEAR
THAT THE LABOUR GOVERNMENT FOR THE NEXT SIX MONTHS
WILL BE FORCED TO ADOPT COMMON DENOMINATOR POLICIES
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TO A LARGE DEGREE. UNTIL THE ELECTION IS HELD,
CAMPAIGN-STYLE RHETORIC WILL DOMINATE THE BRITISH
POLITICAL DIALOGUE, GIVING A SURFACE IMPRESSION OF
CONSIDERABLE TENSION. BENEATH THE SURFACE, THERE
WILL PROBABLY BE LITTLE REAL POLITICAL MOVEMENT
AND THE FIFTH SESSION OF THIS PARLIAMENT COULD TURN
OUT TO BE A RATHER DULL HOLDING ACTION.

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